

COMMONWEALTH OF KENTUCKY  
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of:

PURCHASED GAS ADJUSTMENT FILING       )  
OF WESTERN KENTUCKY GAS COMPANY       )       CASE NO. 7157-Z

O R D E R

On December 6, 1978, the Commission issued its Final Order in Case No. 7157, approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased.

On December 8, 1980, Western Kentucky Gas Company (the Applicant), filed with the Commission its Notice of an increase in rates from two of its suppliers, Tennessee Gas Pipeline Company (Tennessee Gas) and Texas Gas Transmission Corporation (Texas Gas).

On December 1, 1980, Tennessee Gas filed Twenty-First Revised Sheet No. 12A to Ninth Revised Volume No. 1 of its FERC Gas Tariff. The purpose of this filing is to reflect Purchased Gas costs pursuant to Article XXII of the General Terms and Conditions of Ninth Revised Volume 1, for curtailment credits pursuant to XXIV, a R and D rate adjustment pursuant to Article XXV, for the Gas Research Institute pursuant to Article XXVII, a First Use Tax rate adjustment pursuant to Article XXVIII and an Estimated Incremental Pricing Surcharges Pursuant to Article XXIX. Tennessee proposed that the revised Tariff Sheet become effective January 1, 1981.

On November 24, 1980, Texas Gas filed Second Substitute Twenty-Ninth Revised Sheet No. 7 to its FPC Gas Tariff, Third Revised Volume No. 1. The revised tariff sheet reflects the reduced depreciation rates contained in the Supplement to Stipulation and Agreement filed on September 11, 1980, in Docket No. RP78-94 and approved by Commission Order issued on November 14, 1980, to become effective November 1, 1980. Then on November 26, 1980, Texas Gas filed Thirtieth Revised Sheet No. 7 suspending Second Substitute Twenty-Ninth Revised Sheet No. 7. The revised tariff sheet reflects the elimination of the Surcharge

for Deferred Demand Charges. Texas Gas, on April 1, 1980, lifted curtailment on its pipeline system and is no longer incurring the liability of demand charge credits to its customers. Texas Gas has requested that the revised tariff sheet become effective on November 1, 1980. On December 1, 1980, Texas Gas filed Thirty-First Revised Sheet No. 7 to its FPC Gas Tariff Third Revised Volume No. 1 reflecting the 1981 General RD and D Funding Unit as authorized by Opinion No. 96, issued by the Commission on September 30, 1980 in Docket No. RP 80-108, and being filed pursuant to Section 24 of Texas Gas' tariff. Texas Gas requested that this revised tariff sheet become effective on January 1, 1981.

Due to the retroactive filing by Texas Gas for November 1, 1980, this filing reflects Texas Gas' Tariff Sheet effective January 1, 1981. The Applicant proposes to report to the Commission any excess revenues collected during the period November 1, 1980 through December 31, 1980, along with a plan to refund any excess collections to its customers.

As a result of the changes effective as aforesaid the cost of gas to the Applicant for the twelve (12) months ended October 31, 1980, would have increased \$1,569,598.

After reviewing this evidence of record and being advised, the Commission is of the opinion and finds:

(1) That the Energy Regulatory Commission is being asked to approve a price increase already approved by the Federal Energy Regulatory Commission when it granted the Applicant's supplier, Tennessee Gas and Texas Gas, a wholesale gas cost increase. We are of the opinion that failure to allow this increase to be passed through to its retail consumers on a timely basis would be unfair and unjust to the Company and would ultimately result in higher rates to their consumers in any event. The Commission has (in writing) indicated its opposition to the procedures and regulations used by the Federal agency in approving these supplier increases since 1975. We continue to be opposed and are continuing to seek alternative ways to overcome the regulatory inequities which have such a direct impact on the retail consumers.

(2) That the Applicants' supplier's Tennessee Gas and Texas Gas, have filed revised tariff sheets reflecting an increase in rates with the Federal Energy Regulatory Commission and said increases are to become effective January 1, 1981.

(3) That the Application filed December 8, 1980, reflected Tennessee Gas and Texas Gas rates as filed with the FERC on December 1, 1980, to be effective January 1, 1981.

(4) That the Applicant shall report to the Commission any excess revenues collected during the period of November 1, 1980 and December 31, 1980, along with a plan to refund any excess collections to its customers.

(5) That the magnitude of this filing exposes the Applicant to substantial under-recovery of its gas costs if the rates are not implemented in a timely manner.

(6) That the Commission should waive its policy of requiring evidence of FERC acceptance in this case and allow the Applicant to place into effect subject to refund the rates set out in Appendix "A".

(7) That the Applicant's adjustment in rates under the Purchased Gas Adjustment provisions approved by the Commission in its Order in Case No. 7157, dated December 6, 1978, is fair, just and reasonable and in the public and should be effective with gas supplied on and after the date the increased cost of wholesale gas becomes effective.

(8) That the Applicant's Base Supplier Rate for purchased gas will be as follows:

	<u>Demand/MCF</u>	<u>Commodity/MCF</u>
Texas Gas Transmission Corporation		
G-2	\$2.15	\$2.1231
G-3	2.51	2.1740
G-4	2.94	2.2099
Tennessee Gas Pipeline Company		
G-2	\$1.99	\$2.5484
GS-2	-	2.6654
	-	
Local Producers		2.2585

(9) That Applicant's adjustment in rates under the Purchased Gas Adjustment Clause, as set out in Exhibit D, page 1 of its Notice herein, in the amount of \$1.1272 per Mcf, is fair, just and reasonable and in the public interest and should be allowed to become effective for service rendered on and after the date the increased cost of wholesale gas becomes effective.

IT IS THEREFORE ORDERED that said Purchased Gas Adjustment sought by the Applicant, as set forth in Exhibit D, page 1 of its Notice, be and the same is hereby approved to be effective for service rendered on and after the date the increased cost of wholesale gas becomes effective, subject to refund, for all customers as set out in Appendix "A" attached hereto and made a part hereof.

IT IS FURTHER ORDERED that Western Kentucky Gas Company shall maintain its records in such manner as will enable it, or the Commission, or any of its customers, to determine the amounts to be refunded and to whom due in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED that for the purpose of the future application of the Purchased Gas Adjustment Clause of the Applicant the Base Rate for purchased gas shall be:

	<u>Demand/MCF</u>	<u>Commodity/MCF</u>
Texas Gas Transmission Corporation		
G-2	\$2.15	\$2.1231
G-3	2.51	2.1740
G-4	2.94	2.2099
	<u>Demand/MCF</u>	<u>Commodity/MCF</u>
Tennessee Gas Pipeline Company		
G-2	\$1.99	\$2.5464
GS-2	-	2.6654
Local Producers	-	2.2565

IT IS FURTHER ORDERED that the information furnished this Commission by Applicant on December 8, 1980, constitutes full compliance with the Commission's Order in Case No. 7157, and any other information ordinarily required to be filed under the Commission's Regulations is hereby waived.

IT IS FURTHER ORDERED that within thirty (30) days from the date of this Order, Applicant shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky this 31st day of December, 1980.

ENERGY REGULATORY COMMISSION

  
By the Commission

ATTEST:

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Secretary

APPENDIX "A"

APPENDIX TO AN ORDER OF THE ENERGY REGULATORY  
COMMISSION IN CASE NO. 7157-Z DATED DECEMBER 31, 1980

The following rates as prescribed for the customers in the area served by Western Kentucky Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATES:

Applicable to All Rate Schedules

Purchased Gas Adjustment

To each bill rendered under all rate schedules there shall be added an amount equal to; 1.1272 per Mcf of gas used during the billing period.